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# Entrepreneurship and Social Endeavours in Singapore

Wee Liang TAN

*Singapore Management University, wltan@smu.edu.sg*

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## SOCIAL ENTERPRISES:

# Forging The Business Of Social Change

In a rapidly changing economy that has created new social challenges, social enterprises stand out as organisations that combine business and entrepreneurial skills with a social and philanthropic mission. Radically situated at the intersection of the public, private and people sectors, social enterprises offer a unique and viable response to rising demands on government funding of social services and the urgent need for creative solutions to community development.

### Introduction

This article explains the concept and practice of social enterprise, and outlines the strategy undertaken by the Ministry of Community Development and Sports (MCDS) and its partners to nurture social enterprise in Singapore.

Employment of recovering substance abusers, reforming offenders and people with disabilities. Community development vitalised and sustained by art and enterprise. These are just a few of the radical premises behind a growing number of initiatives that have provided unexpected opportunities for the people they serve and proven winning business formulae for their investors.

Aptly named social enterprises, these initiatives innovatively blend social and business objectives. The concept and practice of social enterprise are not widespread in Singapore, but are steadily and necessarily gaining attention. As Singapore claims its place in a global marketplace that has generated both unprecedented wealth and widening inequalities, social enterprises create opportunities in ways that mainstream businesses cannot or will not. And they do so by reclaiming, rather than redressing market forces.

### What Is A Social Enterprise?

A social enterprise embodies, but is not equivalent to, social entrepreneurship. That is, not every organisation that displays social entrepreneurship is a social enterprise.

While precise definitions of social entrepreneurship and social enterprise are lacking, the following perspectives may clarify their meanings:

- “**Social entrepreneurship** involves the innovative application of business principles and skills to drive social change, in areas including but not limited to community development, health, education and the environment”. Frequently, the focus is on improving outcomes for disadvantaged communities, particularly, by engaging them in the development of solutions. In this sense, social objectives, rather than private gains are explicit and central.
- “**A social enterprise** is a sustainable business with a social mission, whereby the former is a means to serve the latter”. A social enterprise reinvests a significant portion of its surpluses in the business or in the community to fulfil its social

# Entrepreneurship & Social Endeavours in Singapore

Many people would confine entrepreneurship to the business arena and entrepreneurs to profit enterprises. In truth, entrepreneurship can extend to all aspects of human activity as defined by Raymond Kao as “the process of doing something new and/or different to create wealth for oneself and to add value to the society” (Kao, 1993).

Apart from entrepreneurship that is solely “for profit” and in the business sphere, there is social entrepreneurship. Social entrepreneurship spans a continuum of community-based enterprises and entrepreneurial activities by volunteers for the good of their communities. It also includes philanthropic acts by successful individuals. While many may think that social entrepreneurship is a rare occurrence in Singapore and a more frequent phenomenon in the countries in the West, some cases of social entrepreneurship do exist in Singapore.



## Transnational Recycling Industries

Transnational is a recycling company that collaborated with the Tanjong Pagar Community Development Council (TPCDC) on a recycling programme in the community. Transnational provided recycling bags that were distributed by the TPCDC to the residents. Residents would then place materials for recycling in these bags, which were collected by Transnational on designated days. The company would recycle and sell the materials, with part of the proceeds going to the Society for the Physically Disabled (SPD). Through this programme, Transnational was able to lower its costs and the TPCDC was able to run this as a community development project for its residents to meet the needs of a social group. Although the initial response was poor, continuous public education improved the results of the programme. By the end of 2001, the programme raised a total of \$200,000 for the SPD<sup>1</sup>.

<sup>1</sup> The author understands that support to SPD through the recycling project has been terminated as other competitors entered the market, rendering it difficult for the commitment to be met.

## The Necessary Stage

The Necessary Stage (TNS) is a non-profit theatre company that is currently one of the four theatre groups funded partially by the government. It has among its repertoire, original works that address social issues in Singapore. It collaborated with the Marine Parade Community Development Council (MPCDC) on community projects, with the CDC sponsoring some of its productions. This symbiotic relationship grew as the theatre increasingly developed productions centred on social and community issues.

## Northern Leaf Communications

Northern Leaf Communications (NLC) is a public relations firm and a business enterprise focused on social goals. Disadvantaged by its small size and needing to penetrate the public relations market, NLC decided to use the charity angle to approach companies after their first successful project with the Children's Cancer Foundation in 1995. Its main clients were mostly non-profit organisations that do not receive any government funding. For such

organisations that lacked financial resources, NLC offered its expertise in fund-raising projects by organising everything from production to corporate writing at no cost but being paid about 20% to 30% of the funds raised by the non-profit organisations. In addition, NLC also paid the difference if the operational cost exceeded 30% of the funds raised. Such collaboration that resulted in successful fund-raising projects enabled NLC to boost its income. To keep costs low, NLC involved the staff and volunteers of the non-profit organisation in its projects.

### The Banyan Tree Gallery

The Banyan Tree Gallery (BTG) is an enterprise that

carries out its business in a socially directed manner. It was set up to market triangular cushions made by Thai village women and used in Banyan Tree's Phuket resort. BTG went against current business practices by paying the quoted prices upfront to the producers. This provided the producers with the necessary capital to manufacture the handicraft. The emphasis on quality enabled BTG to retail these products at their resorts and other retail outlets targeted at premium markets. The high mark-up allowed BTG to pour back funds into its community aid programmes. Some villagers had reportedly earned enough to set up their own factories, creating wealth and improving life in their own communities.

## Entrepreneurship In The Social Service Sector

These examples suggest ways in which social entrepreneurship can take place:

- Enterprises with purely social purposes;
- Enterprises started by non-profit organisations to be self-financing and generate revenue;
- Enterprises that carry out their businesses in a socially directed manner;
- Enterprises that augment their existing businesses by leveraging on social agendas that contribute to their bottom lines; and
- Enterprises where business is centred on social goals as a means of profit.

At a time when entrepreneurship is needed in Singapore for continued economic vitality, there are similar expectations from organisations of the social service sector. Stakeholders of voluntary welfare organisations (VWOs) such as the government, donors and volunteers consider it needful for VWOs to be innovative and entrepreneurial in their activities and service offerings. There may be some VWOs that feel that entrepreneurship runs counter to their social causes. Entrepreneurship, in fact, adds value to the society. Though a few VWOs already have units that are partially self-financing or offer services that are provided on the basis of cost recovery, more VWOs need to consider new entrepreneurial ventures.

Social entrepreneurship in the social service sector may flourish if access to markets, technology, finance, manpower and information is increased for VWOs, in the same manner and urgency as for local enterprises in the profit sector. VWOs will also need to embrace the entrepreneurial mindset, be willing to enter new ventures and be equipped with the necessary expertise. Most important of all, this requires the right person with the entrepreneurial drive to lead the organisation.

Written by:

**Tan Wee Liang,**  
Associate Professor of  
Entrepreneurship and Law,  
School of Business,  
*Singapore Management  
University*

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